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REG-Mobile Tornado Group Fundraising and Notice of EGM

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Mobile Tornado Group PLC
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Mobile Tornado Group plc
("Mobile Tornado" or "the Company")

Fundraising and Notice of Extraordinary General Meeting

The Company is pleased to announce that it has conditionally raised £2.3 million, before expenses, through a placing of 12,251,333 Ordinary Shares currently held in treasury ("Treasury Shares") and 18,750,000 Non-Voting Preference Shares (together the "Placing").

Since the placing announced on 25 September 2006, the Company has made substantial changes to the Group's technology platform and has worked closely with Nortel Networks and InTechnology plc ("InTechnology") in order to develop further and commercialise its product offering. The Board believes that the Group will require further funds before it is able to achieve material revenues within the business.

As such, InTechnology and Peter Wilkinson have conditionally agreed to acquire the Treasury Shares from the Company at a price of 7p per Treasury Share.

InTechnology has also conditionally agreed to subscribe 18,750,000 Non-Voting Preference Shares at a price of 8p per Non-Voting Preference Share.

Following the Proposals, the Company will have raised net proceeds of approximately £2.2 million.

Use of Funds

The Directors intend to use the net proceeds of the Placing to continue investing in the Group's technology platform and to establish the managed services proposition with partners throughout Europe.

The Directors have considered the size of the funding required to sustain and to further expand the Group's sales and development activities, the need for sufficient working capital, and the current Share price. After careful consideration, the Directors believe that the Proposals are in the best interests of Shareholders as a whole.

The Subscription

Pursuant to a subscription agreement, InTechnology and Peter Wilkinson have conditionally agreed to acquire 12,251,333 Treasury Shares at a price of 7p per Treasury Share. The Treasury Shares represent approximately 6.64 per cent. of the issued ordinary share capital of the Company. Peter Wilkinson is also a 55.26 per cent. shareholder in InTechnology.

In addition, InTechnology has agreed to subscribe for 18,750,000 Non-Voting Preference Shares at a price of 8p per Non-Voting Preference Share. The Non-Voting Preference Shares carry a cumulative annual coupon of 10 per cent. and may be redeemed at the Subscription Price (together with any accrued but unpaid coupon) at the option of the Company. If the Non-Voting Preference Shares are not redeemed prior to 31 December 2009 or a third party acquires 75 per cent. or more of the issued ordinary share capital of the Company, each Non-Voting Preference Share will automatically convert into an Ordinary Share. The Non-Voting Preference Shares will not be admitted to trading on AIM.

The subscription agreement is conditional on the Resolutions being passed at the Extraordinary General Meeting ("EGM") on 26 October 2007. The agreement can be terminated by InTechnology or Peter Wilkinson prior to the EGM on the occurrence of certain events, including a material adverse change in the financial condition or prospects of the Company.

Directors holdings

As part of the Placing Peter Wilkinson will be purchasing 51,333 Ordinary Shares at 7p per Treasury Share. Following the Placing, Peter Wilkinson will be interested in 24,962,725 Ordinary Shares, representing 13.53 per cent. of the voting capital of the Company.

The EGM

An EGM will be held at the offices of Hammonds, 2 Park Lane, Leeds LS3 1ES at 10.00 a.m. on 26 October 2007 at which the following resolutions will be proposed:

Resolution 1

The first resolution is an ordinary resolution and is required because the investment constitutes a substantial property transaction involving Peter Wilkinson and InTechnology for the purposes of section 320 of the Act (substantial property transactions involving directors) and accordingly is subject to approval by the Shareholders.

Resolution 2

The second resolution is a special resolution and relates to the increase in authorised share capital and amendments to the Company's Articles of Association necessary to create the Non-Voting Preference Shares, to implement the Subscription and to provide flexibility for additional share issues in the future.

If passed, the authorities granted by this Resolution will replace the prior share issue authorities of the Company obtained at the last extraordinary general meeting of the Company and will:

- (1) increase the authorised share capital of the Company by the creation of 18,750,000 Non Voting Preference Shares;
- (2) provide your Board with authority to allot Non-Voting Preference Shares in connection with the Subscription;
- (3) provide your Board with authority to allot equity securities for cash (or sell equity securities which are, from time to time held by the Company in treasury) without being required first to offer such securities to existing shareholders in accordance with statutory pre-emption rights, provided that such authority will be limited to:
 - (i) the issue of Shares pursuant to rights issues or open offers;
 - (ii) the issue of Shares pursuant to any share scheme adopted by the Company;
 - (iii) the sale of the Treasury Shares pursuant to the Proposals; and
 - (iv) (otherwise than pursuant to sub-paragraphs (i), (ii) and (iii)) up to an aggregate nominal amount of £184,430.

Recommendation

The Placing constitutes a related party transaction for the purposes of the AIM rules. The Independent Directors having been so advised by Blue Oar Securities, the Company's nominated adviser, consider that the terms of the subscription agreement are fair and reasonable insofar as Independent Shareholders are concerned.

In providing advice to the Independent Directors, Blue Oar Securities has taken into account the Directors' commercial assessments.

The Independent Directors recommend, for the reasons set out above, that you vote in favour of the resolutions to be proposed at the EGM, as they intend to do in respect of their own shareholding, which in aggregate amounts to 16,842,530 Ordinary Shares representing approximately 9.78 per cent. of the issued voting share capital of the Company as at the date of this document.

For further details please contact:

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